

Iowa Title Guaranty Requirements for Mechanic's Lien Coverage

Iowa Title Guaranty (ITG) provides coverage related to potential mechanic's lien issues, typically assuring the lender that they are in a valid first lien position. On January 1, 2013, the mechanic's lien law in Iowa changed and as a result the Iowa Secretary of State implemented the Mechanics' Notice and Lien Registry (MNLN). The MNLN is found on the Secretary's web site: <https://sos.iowa.gov/mnlr/search/search.aspx>.

If labor, services, or materials have been furnished within 90 days prior to closing of a residential real estate transaction, ITG requires one or more searches of the MNLN as a prerequisite to giving mechanic's lien coverage. When ITG requires an MNLN search, the searcher must maintain a written record of the search(es) including the date of the search, the name of the individual performing the search, and the results of the search. The closer or field issuer may conduct the MNLN search personally or through an abstractor.

In order to grant mechanic's lien coverage, ITG requires that the closer must:

- ✓ Search the MNLN no later than the day of closing, (prior to funding the transaction).
- ✓ Record the mortgage the same day of closing or as soon thereafter as practical.
- ✓ Search the MNLN prior to recording the lender's mortgage UNLESS the mortgage is filed the same day of or the day after closing.
- ✓ Collect lien waivers or proof of payment from any general or subcontractor who has posted a Commencement of Work or Preliminary Notice to the MNLN. The closer must also obtain a release and satisfaction of any unreleased mechanic's lien that is posted to the MNLN. The closer or field issuer may post to the MNLN any lien waiver or release and satisfaction of a mechanic's lien that they obtain.
- ✓ Provide all MNLN search documentation and/or clearance to the ITG field issuer.

In order to grant mechanic's lien coverage, ITG requires that the field issuer who is preparing the certificate must:

- ✓ Review the closer's MNLN search performed through the date of recording of the mortgage.
- ✓ If there is no MNLN search or if the search results are unavailable, the field issuer shall obtain or perform an MNLN search prior to issuing the Certificate.
- ✓ Collect a lien waiver or proof of payment from any general or subcontractor who posted a Commencement of Work or Preliminary Notice to the MNLN that was not provided by the closer. Obtain a release and satisfaction of any unreleased mechanic's lien posted to the MNLN that was not provided by the closer. Issuance of the Certificate may be delayed until such time as a lien waiver, proof of payment, or mechanic's lien release and satisfaction has been obtained. The Certificate may then be issued without an exception on Schedule B.

Any special, unusual, or complicated transactions involving mechanic's lien coverage should be referred to the ITG Underwriting Department (515.725.4964) for assistance.

